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APPLIED DEVELOPMENT HOLDINGS LIMITED

實力建業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

DISCLOSEABLE TRANSACTION DISPOSAL OF SHARES IN REDSUN PROPERTIES

DISPOSAL OF SHARES IN REDSUN PROPERTIES

Reference is made to the announcement of the Company dated 28 June 2018 in relation to the subscription of the Sale Shares.

The Board announces that on 26 July 2019, Dragon Bell (a wholly-owned subsidiary of the Company) sold the Sale Shares to the Purchaser at the price of HK\$2.55 per Sale Share for an aggregate gross sale proceeds of approximately HK\$47,175,000 (exclusive of transaction costs).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The Board announces that on 26 July 2019, Dragon Bell (a wholly-owned subsidiary of the Company) sold the Sale Shares to the Purchaser at the price of HK\$2.55 per Sale Share for an aggregate gross sale proceeds of approximately HK\$47,175,000 (exclusive of transaction costs).

Assets to be disposed of:

The Sale Shares, comprising 18,500,000 Redsun Properties Shares, represent approximately 0.56% of the total issued share capital of Redsun Properties (based on the total issued shares of 3,320,000,000 as at 30 June 2019 according to the monthly return of Redsun Properties dated 4 July 2019). Following the Disposal, the Group holds 113,078,000 Redsun Properties Shares, representing approximately 3.41% of the total issued share capital of Redsun Properties. Dragon Bell originally subscribed for 131,578,000 Redsun Properties Shares at the total subscription price of HK\$299,997,840 or HK\$2.28 per Redsun Properties Share on 12 July 2018.

Consideration:

The aggregate gross sale proceeds of the Disposal is approximately HK\$47,175,000 (exclusive of transaction costs), which is receivable in cash on settlement. The consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to the fair market value of the Sale Shares.

INFORMATION OF REDSUN PROPERTIES

Redsun Properties, together with its subsidiaries, are a property developer in Jiangsu Province, China, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties.

The following audited financial information is extracted from the 2018 annual report of Redsun Properties:

	For the year ended	
	31 December	
	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6,139,672	9,238,741
Profit before tax	1,900,784	2,175,378
Profit for the year	1,195,483	1,323,125

	As at	As at
	31 December	31 December
	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	41,325,343	67,922,064
Net assets	8,456,866	13,849,745

INFORMATION ON PARTIES

Dragon Bell

Dragon Bell is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser is an investment holding company incorporated in British Virgin Islands with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALES AND PURCHASE AGREEMENT

The Group is principally engaged in resort and property development, property investment and investment holding. The purpose of the Disposal is to allow the Group to realize the investment in the Redsun Properties Shares and repay the margin loan in relation to subscription of the Redsun Properties Shares on 28 June 2018.

The Group had been entitled to approximately HK\$2.0 million dividend income from Redsun Properties during the period from the date of subscription of the Sale Shares to the date of this announcement. It is estimated that the Group will record a gain on the Disposal of approximately HK\$5 million, which is calculated with reference to the gross proceeds of the Disposal less the subscription costs of the Sale Shares. The exact amount of the gain on the Disposal to be recorded in the consolidated financial statements of the Group for the year ending 30 June 2020 is subject to audit.

In view of the aforesaid, the Directors are of the view that the Disposal was on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal will constitute a discloseable transaction of the Company under the Listing Rules and will be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors;
“Company”	Applied Development Holdings Limited 實力建業集團有限公司*, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 519);
“Director(s)”	the director(s) of the Company;
“Disposal”	The disposal of an aggregate of 18,500,000 Redsun Properties Shares by the Company;
“Dragon Bell”	Dragon Bell Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	a third party independent of the Company and its connected persons and are not connected persons of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Fortune Elite holdings Limited, a company incorporated in the British Virgin Islands with limited liability;

“Redsun Properties”	Redsun Properties Group Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1996);
“Redsun Properties Shares”	the shares in the share capital of Redsun Properties with a nominal value of HK\$0.01 each;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Sale Shares”	18,500,000 of Redsun Properties Shares sold by Dragon Bell to the Purchaser;
“Shareholder”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board of
Applied Development Holdings Limited
Yuen Chi Ping
Executive Director & Chief Executive Officer

Hong Kong, 26 July 2019

As at the date of this announcement, the Executive Directors are Mr. Yao Wei Rong (Chairman) and Mr. Yuen Chi Ping (Chief Executive Officer); the Non-executive Director is Mr. Guo Shun Gen and the Independent Non-executive Directors are Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin.

* *For identification purpose only*

In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text thereof.